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DEPARTMENT OF COMMERCE

International Trade Administration

C-557-817

Certain Steel Nails from Malaysia: Final Negative Countervailing Duty Determination

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce

SUMMARY: The Department of Commerce (the Department) determines that *de minimis* countervailable subsidies are being provided to producers and exporters of certain steel nails (nails) from Malaysia. The period of investigation is January 1, 2013, through December 31, 2013.

EFFECTIVE DATE: Insert date of publication in the *Federal Register*.

FOR FURTHER INFORMATION CONTACT: Yasmin Nair or Ilissa Shefferman, AD/CVD Operations, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-3813 and (202) 482-4684, respectively.

SUPPLEMENTARY INFORMATION:

Background

The petitioner in this investigation is Mid Continent Steel & Wire, Inc. (Petitioner). The Department has determined two subsidy programs to be countervailable in this investigation. In addition to the Government of Malaysia (the GOM), the respondents to this investigation are Inmax Sdn. Bhd. and Inmax Industries Sdn. Bhd (collectively, Inmax) and Region System Sdn. Bhd (Region).

Case History

The following events have occurred since we published the *Preliminary Determination* on November 3, 2014.¹

We conducted verification of the GOM's, Inmax's, and Region System's questionnaire responses from January 22 through January 28, 2015, and issued verification reports on March 3, 2015. Petitioner submitted a case brief on March 18, 2015. Inmax and Region System submitted a rebuttal brief on March 23, 2015.

Scope of the Investigation

The product covered by this investigation is certain steel nails from Malaysia. For a full description of the scope of the investigation, see Appendix I to this notice.

Since the *Preliminary Determination*, several interested parties (*i.e.*, IKEA Supply AG, The Home Depot, Target Corporation, and Petitioner) commented on the scope of these investigations. The Department reviewed these comments and made certain changes. For further discussion, see the Issues and Decision Memorandum.² The scope in Appendix I reflects all modifications to the scope made by the Department for this final determination.

Analysis of Subsidy Programs and Comments Received

The subsidy programs under investigation and the issues raised in the case and rebuttal briefs by parties in this investigation are discussed in the Memorandum to Christian Marsh, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, "Issues and

¹ See *Certain Steel Nails From Malaysia: Preliminary Negative Countervailing Duty Determination and Alignment of Final Countervailing Duty Determination With Final Antidumping Duty Determination*, 79 FR 65179 (November 3, 2014) (*Preliminary Determination*).

² See Memorandum to Christian Marsh, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, from Abdelali Elouaradia, Acting Office Director for Enforcement and Compliance (Office VI), "Issues and Decision Memorandum for the Final Determination in the Countervailing Duty Investigation of Certain Steel Nails from Malaysia" (Issues and Decision Memorandum), dated concurrently with this determination and hereby adopted by this notice.

Decision Memorandum for the Final Determination in the Countervailing Duty Investigation of Certain Steel Nails from Malaysia” (Issues and Decision Memorandum),³ which is concurrently dated with, and hereby adopted by, this notice. A list of subsidy programs and the issues that parties raised, and to which we responded in the Issues and Decision Memorandum, is attached to this notice as Appendix II. The Issues and Decision Memorandum is a public document and is on file electronically *via* ACCESS. In addition, a complete version of the Issues and Decision Memorandum can be accessed directly on the Internet at <http://enforcement.trade.gov/frn/index.html>. The signed Issues and Decision Memorandum and the electronic version of the Issues and Decision Memorandum are identical in content.

Final Determination

The total estimated net countervailable subsidy rates are:

Company	Subsidy Rate
Inmax Sdn. Bhd and Inmax Industries Sdn. Bhd	0.01 percent (<i>de minimis</i>)
Region System Sdn. Bhd.	0.02 percent (<i>de minimis</i>)

Because the total estimated net countervailable subsidy rates for the examined companies are *de minimis*, we determine that countervailable subsidies are not being provided to producers or exporters of nails in Malaysia. Consistent with section 705(c)(1)(B) of the Tariff Act of 1930, as amended (the Act), we have not calculated an all-others rate because we have not reached an affirmative final determination. Because our final determination is negative, this proceeding is terminated in accordance with section 705(c)(2) of the Act.

In the *Preliminary Determination*, the total net countervailable subsidy rates for the individually examined respondents were *de minimis* and, therefore, we did not suspend

³ Public versions of all business proprietary documents and all public documents are on file electronically *via* Enforcement and Compliance’s Antidumping and Countervailing Duty Centralized Electronic Service System (ACCESS). Access to ACCESS is available to registered users at <http://access.trade.gov> and in the Department’s Central Records Unit, room 7046 of the main Department building.

liquidation of entries of nails from Malaysia.⁴ Because the estimated subsidy rates for the examined companies are *de minimis* in this final determination, we are not directing U.S. Customs and Border Protection to suspend liquidation of entries of nails from Malaysia.

United States International Trade Commission (USITC) Notification

In accordance with section 705(d) of the Act, we will notify the USITC of our final determination. Because our final determination is negative, this investigation is terminated.

Return or Destruction of Proprietary Information

This notice serves as the only reminder to parties subject to an administrative protective order (APO) of their responsibility concerning the destruction of proprietary information disclosed under APO in accordance with 19 CFR 351.305(a)(3). Timely written notification of the return/destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and terms of an APO is a violation that is subject to sanction.

This determination is issued and published pursuant to sections 705(d) and 777(i) of the Act.

Dated: May 13, 2015.

Christian Marsh
Deputy Assistant Secretary
for Antidumping and Countervailing Duty Operations

⁴ See *Preliminary Determination*, 79 FR at 65180.

Appendix 1

Scope of the Investigation

The merchandise covered by this investigation is certain steel nails having a nominal shaft length not exceeding 12 inches.⁵ Certain steel nails include, but are not limited to, nails made from round wire and nails that are cut from flat-rolled steel. Certain steel nails may be of one piece construction or constructed of two or more pieces. Certain steel nails may be produced from any type of steel, and may have any type of surface finish, head type, shank, point type and shaft diameter. Finishes include, but are not limited to, coating in vinyl, zinc (galvanized, including but not limited to electroplating or hot dipping one or more times), phosphate, cement, and paint. Certain steel nails may have one or more surface finishes. Head styles include, but are not limited to, flat, projection, cupped, oval, brad, headless, double, countersunk, and sinker. Shank styles include, but are not limited to, smooth, barbed, screw threaded, ring shank and fluted. Screw-threaded nails subject to this proceeding are driven using direct force and not by turning the nail using a tool that engages with the head. Point styles include, but are not limited to, diamond, needle, chisel and blunt or no point. Certain steel nails may be sold in bulk, or they may be collated in any manner using any material.

Excluded from the scope of this investigation are certain steel nails packaged in combination with one or more non-subject articles, if the total number of nails of all types, in aggregate regardless of size, is less than 25. If packaged in combination with one or more non-subject articles, certain steel nails remain subject merchandise if the total number of nails of all types, in aggregate regardless of size, is equal to or greater than 25, unless otherwise excluded based on the other exclusions below.

Also excluded from the scope are certain steel nails with a nominal shaft length of one inch or less that are (a) a component of an unassembled article, (b) the total number of nails is sixty (60) or less, and (c) the imported unassembled article falls into one of the following eight groupings: 1) builders' joinery and carpentry of wood that are classifiable as windows, French-windows and their frames; 2) builders' joinery and carpentry of wood that are classifiable as doors and their frames and thresholds; 3) swivel seats with variable height adjustment; 4) seats that are convertible into beds (with the exception of those classifiable as garden seats or camping equipment); 5) seats of cane, osier, bamboo or similar materials; 6) other seats with wooden frames (with the exception of seats of a kind used for aircraft or motor vehicles); 7) furniture (other than seats) of wood (with the exception of i) medical, surgical, dental or veterinary furniture; and ii) barbers' chairs and similar chairs, having rotating as well as both reclining and elevating movements); or 8) furniture (other than seats) of materials other than wood, metal, or plastics (*e.g.*, furniture of cane, osier, bamboo or similar materials). The aforementioned imported unassembled articles are currently classified under the following Harmonized Tariff Schedule of the United States (HTSUS) subheadings: 4418.10, 4418.20, 9401.30, 9401.40, 9401.51, 9401.59, 9401.61, 9401.69, 9403.30, 9403.40, 9403.50, 9403.60, 9403.81 or 9403.89.

⁵ The shaft length of certain steel nails with flat heads or parallel shoulders under the head shall be measured from under the head or shoulder to the tip of the point. The shaft length of all other certain steel nails shall be measured overall.

Also excluded from the scope of this investigation are steel nails that meet the specifications of Type I, Style 20 nails as identified in Tables 29 through 33 of ASTM Standard F1667 (2013 revision).

Also excluded from the scope of this investigation are nails suitable for use in powder-actuated hand tools, whether or not threaded, which are currently classified under HTSUS subheadings 7317.00.20.00 and 7317.00.30.00.

Also excluded from the scope of this investigation are nails having a case hardness greater than or equal to 50 on the Rockwell Hardness C scale (HRC), a carbon content greater than or equal to 0.5 percent, a round head, a secondary reduced-diameter raised head section, a centered shank, and a smooth symmetrical point, suitable for use in gas-actuated hand tools.

Also excluded from the scope of this investigation are corrugated nails. A corrugated nail is made up of a small strip of corrugated steel with sharp points on one side.

Also excluded from the scope of this investigation are thumb tacks, which are currently classified under HTSUS subheading 7317.00.10.00.

Certain steel nails subject to this investigation are currently classified under HTSUS subheadings 7317.00.55.02, 7317.00.55.03, 7317.00.55.05, 7317.00.55.07, 7317.00.55.08, 7317.00.55.11, 7317.00.55.18, 7317.00.55.19, 7317.00.55.20, 7317.00.55.30, 7317.00.55.40, 7317.00.55.50, 7317.00.55.60, 7317.00.55.70, 7317.00.55.80, 7317.00.55.90, 7317.00.65.30, 7317.00.65.60 and 7317.00.75.00. Certain steel nails subject to this investigation also may be classified under HTSUS subheading 8206.00.00.00 or other HTSUS subheadings.

While the HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of this investigation is dispositive.

Appendix 2

List of Comments and Issues in the Issues and Decision Memorandum

- I.** Summary
- II.** Background
- III.** Scope of the Investigation
- IV.** Scope Comments
- V.** Subsidies Valuation
- VI.** Analysis of Programs
- VII.** Analysis of Comment

Comment: Countervailability of Sales Tax Exemptions

- VIII.** Recommendation

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